

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 TRSE-00 SS-15 SP-02 OES-07
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FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC IMMEDIATE 5943

LIMITED OFFICIAL USE SECTION 1 OF 2 BUCHAREST 7510

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SUBJ: AGENDA FOR FOURTH SESSION OF JOINT ECONOMIC COMMISSION
REFS: A) STATE 240420, B) BUCHAREST 7492, C) BUCHAREST 7493

1. AT OCTOBER 8 MEETING WITH STANCA OF MFT, THE PROCESS OF NEGOTIATING THE AGENDA WAS COMPLICATED BY THE FACT THAT STANCA HAD NOT RECEIVED WORD FROM ROMANIANS IN WASHINGTON ABOUT OCTOBER 4 MEETING WITH COMMERCE AND STATE OFFICIALS. AS A CONSEQUENCE, STANCA OFTEN TOOK EXCEPTION TO POSITIONS WHICH HAD APPARENTLY BEEN AGREED TO BY TEAM OF ROMANIANS EMBOFFS. AS AN EXAMPLE, STANCA WAS QUITE INSISTENT THAT HEADING "POSSIBILITIES OF IMPROVING THE JUDICIAL FRAMEWORK OF BILATERAL COMMERCIAL RELATIONS" BE RETAINED. HE QUESTIONED THE UTILITY OF RETAINING THE SUB-TOPIC "MTN RECIPROCITY," SINCE IN HIS VIEW, THIS SUB-TOPIC HAD NOTHING OR LITTLE TO DO WITH RENEWAL OF THE US-ROMANIAN TRADE AGREEMENT. IN GENERAL, HE AGREED WITH SECTION II, DEVELOPMENT OF COOPERATION ACTIVITY. IT WILL BE RECALLED THAT STANCA'S SPECIALITY AND RESPONSIBILITY ARE PRECISELY IN THIS AREA OF ECONOMIC COOPERATION ACTIVITIES. ON SECTION III, FACILITATION, STANCA EXPRESSED OBJECTIONS TO ALL OF III-D. AT THE END OF THE OCTOBER 8 SESSION, STANCA PROMISED TO GET BACK TO US ASAP WITH DEFINITIVE GOR COMMENTS. HE DID SO ON OCTOBER 11.

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2. ON OCTOBER 11, THE ATMOSPHERE HAD CLEARLY CHANGED. STANCA, WHO ONCE AGAIN CHAIRED THE ROMANIAN SIDE, MAY HAVE RECEIVED SOMETHING FROM THE WASHINGTON EMBASSY. SURELY, THE PRESENCE OF FOTA WAS HELPFUL IN BRINGING THE MEETING INTO USEFUL FOCUS. STANCA SEEMED TO BE RESISTING HIS PENCHANT FOR NEGOTIATING FOR NEGOTIATION'S SAKE. IN QUITE BUSINESSLIKE FASHION, THE

MEETING PROCEEDED POINT BY POINT THROUGH A WORKING DOCUMENT PREPARED BY THE EMBASSY ON THE BASIS OF REFTEL A. STANCA ACCEPTED THE ELONGATED VERSION OF ITEM I-A PREFERRED BY THE DEPARTMENT (ALL REFERENCES KEYED TO REFTEL B). ON ITEM I-A-1, HE SUGGESTED THAT THE WORD "CHANGE" BE REPLACED BY THE WORD "MODIFICATION." HIS EXPLANATION WAS THAT THE COMMODITY STRUCTURE WILL BE MODIFIED RATHER THAN CHANGED ALTOGETHER. THIS MODICUM OF REALITY, REFLECTING THE FACT THAT THERE ARE NOT LIKELY TO BE DRAMATIC CHANGES IN THE NEAR FUTURE IN THE COMPOSITION OF THE EXCHANGE OF GOODS BETWEEN THE TWO COUNTRIES, WAS WELCOMED BY US. ON ITEM I-A-3, STANCA SAID THAT THE GOR WOULD DISCUSS ITS TRADE WITH OTHER IW'S, SOCIALIST STATES AND LDC'S. HOWEVER, IN THIS CASE, AS IN OTHERS MENTIONED BELOW, HE ASKED THAT THE US SIDE PRESENT ITS VIEW OF ITS LONG-TERM OUTLOOK FOR US TRADE RELATIONS WITH ITS TRADITIONAL AND NON-TRADITIONAL TRADING PARTNERS. IN THE EMBASSY VIEW, THIS TYPE OF RECIPROCITY NOT ONLY SHOULD BE EXPECTED BUT SHOULD BE WELCOMED AS WE UNDERSTAND IT WAS IN THE OCTOBER 4 MEETING.

3. STANCA AND FOTA GAVE UP THE IDEA OF REFERRING TO THE "JUDICIAL FRAMEWORK". THERE ARE HOWEVER VACEATS. THEY WILL WISH, AS WAS AGREED IN WASHINGTON, AND REPORTED IN REFTEL A, TO BRING UP ISSUE OF MULTI-YEAR MFN UNDER THIS ITEM. AND THEY CONTINUED TO RESIST THE SUB-ITEM ON MTN RECIPROCITY. OUR POSITION WAS REEXPLAINED: FINALLY THEY AGREED THAT IN THE LIGHT OF SECTION 405 OF THE TRADE ACT, OUTSTANDING QUESTIONS LIMITED OFFICIAL USE

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REGARDING THE EFFECT OF GOR TARIFF LEGISLATION AND IN ORDER TO EXPLAIN THEIR VIEWS ON THE MTN TALKS IN GENEVA, THEY COULD AGREE TO OUR PROPOSAL. MTN RECIPROCITY THEREFORE IS ON THE AGENDA.

4. ON ITEM I-D, AND ESPECIALLY THE INCLUSION OF AN ITEM ON DECREE 223 AND PROPERTY CLAIMS, STANCA AND FOTA RESISTED STRONGLY. ON THE BASIS OF THE COUNSELOR NIMETZ-PATAN CONVERSATION OF OCTOBER 11 (REPORTED IN REFTEL C), THEY SAID THAT ONLY PATAN COULD AGREE TO INCLUDE THIS ITEM SPECIFICALLY ON THE AGENDA. FURTHERMORE, THEY INDICATED THAT WE SHOULD BE CONTENT WITH PATAN'S SEMI-PROMISE THAT HE WOAFM IN FACT BE BRINGING TO THE COMMISSION MEETING SOME ADMINISTRATIVE CHANGE IN THE GOR POSITION WHICH WOULD GO SOME WAY TOWARD MEETING OUR DIFFICULTIES ON THE SUBSTANCE INVOLVED. THE STANCA-FOTA POSITION THEREFORE WAS ESSENTIALLY THAT, SINCE WE NOW HAVE THE STRONGEST YET SIGNAL THAT MOVEMENT ON SUBSTANCE IS TAKING PLACE, WE SHOULD NOT INSIST ON TAKING UP THE ISSUE IN THE ABSTRACT IN THE FRAMEWORK OF THE AGENDA. WHILE INDICATING THAT WE WOULD MOST CERTAINLY WELCOME MOVEMENT ON THIS ISSUE WHICH WOULD GIVE RISE TO THE RESOLUTION OF SEVERAL OF THE PENDING CASES, WE ALSO INDICATED THAT WE MAY WISH TO REACH

AN UNDERSTANDING, AS ON THE ISSUE OF MULTI-YEAR MFN, THAT DECREE 223 MIGHT BE TAKEN UP UNDER SOME APPROPRIATE ITEM ON THE AGENDA. STANCA AND FOTA ANEW INDICATED THAT THEY THOUGHT WE WOULD BE SATISFIED WITH WHAT PATAN WOULD BE BRINGING TO WASHINGTON ON THE SUBSTANCE OF THE QUESTION.

5. STANCA AND FOTA AGREED TO DROP SPECIFIC REFERENCE TO NON-TARIFF BARRIERS. IT IS UNDERSTOOD BY THEM, HOWEVER, THAT REFERENCE WILL BE MADE TO THE ISSUES UNDER ITEM I-A-1.

6. NO CHANGES WERE MADE, BEYOND THOSE ALREADY REPORTED, IN SECTION II.

7. ON SECTION III, STANCA REITERATED THAT UNDER ITEM III-A, LIMITED OFFICIAL USE

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THE REPORT OF THE COUNCIL WILL BE GIVEN IN THE PLENARY. ON III-C, THE BUCHAREST WORLD TRADE CENTER, FOTA SAID THAT MUCH PROGRESS HAD BEEN MADE ON THIS SCHEME AND THAT AMERICAN BUSINESSES WERE ON THE POINT OF BEING LEFT OUT. THIS LINE OF

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC IMMEDIATE 5944

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ARGUMENTATION HAS BEEN HEARD BEFORE; HOWEVER, IT PROVIDED A LEVER FOR US TO URGE THAT A STRAIGHTFORWARD REPORT ON THE STATUS OF PLANS, EXPRESSIONS OF INTENT, ETC., BE MADE. FOTA AGREED. ON III-D, THE ROMANIANS AGAIN WISH THAT BOTH SIDES MAKE PRESENTATIONS. AS THEY POINTED OUT, THERE ARE US LAWS

CONCERNING THE SETTING UP OF STATE-OWNED COMMERCIAL REPRESENTATIONS AND FOR THE HIRING OF PERSONNEL FOR THOSE OFFICES. THE EMBASSY BELIEVES THAT, IN PRINCIPLE, SUCH A PRESENTATION BY US WOULD NOT SEEM TO BE OUT OF PLACE OF DIFFICULT TO PREPARE. IN THAT VEIN, STANCA SUGGESTED THE DELETION OF SPECIFIC REFERENCE TO "ROMANIAN" IN III-D-2. ON III-E-3, IT WAS AGREED THAT THIS ITEM WAS REDUNDANT AND THAT IN FACT THE AVAILABILITY OF TEMPORARY OFFICES AND PERSONNEL WOULD BE DISCUSSED UNDER III-D-1. WE STRESSED THE IMPORTANCE T US OF THE ITEM, MOST ESPECIALLY IN VIEW OF THE LACK OF ENTHUSIASM THUSFAR EXPRESSED BY US BUSINESSES FOR THE CONCEPT OF THE WORLD TRADE CENTER. ITEM III-E-4, CONCERNING COUNTERTRADE AND BUY-BACKS, FELL OFF THE AGENDA ONCE AGAIN. STANCA AND FOTA CLAIM THAT PATAN SIMPLY WOULD NOT AGREE TO ITS INCLUSION AS A SEPARATE ITEM. HOWEVER, THEY CHEERFULLY AGREED THAT COJNTERTRADE AND BUY-BACKS DO INDEED AFFECT PROSPECTS FOR THE EXPANSION OF BILATERAL ECONOMIC RELATIONS. THEY THEREFORE AGREED TO DISCUSS THE SUBSTANCE OF THE ITEM UNDER I-A-3, LONG-TERM OUTLOOK FOR ROMANIAN US ECONOMIC/COMMERCIAL RELATIONS. LIMITED OFFICIAL USE

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8. ON BALANCE, EMBASSY BELIEVES THAT NEGOTIATIONS ON AGENDA HAVE BEEN IN LARGE MEASURE SUCCESSFUL IN BOTH GETTING ON IT ITEMS WE WISH TO SEE AND AVOIDING EXPLICIT REFERENCE TO SOME ITEMS--SUCH AS MULTI-YEAR MFN AND NON-TARIFF BARRIERS--WE WISH TO AVOID FORMALIZING BY SUCH OPEN REFERENCE TO THEM. THE GOR APPARENTLY FEELS MUCH THE SAME WAY. THE ITEM TO WHICH WE WOULD HAVE WISHED TO MAKE EXPLICIT REFERENCE--DECREE 223 AND ITS CONNECTION WITH FSP--NOW APPEARS TO BE MOVING TOWARD SOME FORM OF CATHARSIS. PATAN'S REFERENCES TO THE MATTER, IN HIS CONVERSATIONS WITH THE AMBASSADOR AND COUNSELOR NIMETZ, FORM ALMOST A GUARANTEE THAT SOME MOVEMENT IS ABOUT TO TAKE PLACE. AT THE VERY LEAST, PATAN WILL WISH TO DISCUSS THE ISSUE WITH SEC. DREPS. AT BEST, HE WILL REFER TO THE ISSUE IN HIS REMARKS IN PLENARY. EMBASSY WOULD SUGGEST THAT, PENDING DETERMINATION OF PATAN'S REAL "NEWS" ON DECREE 223, WE AGREE TO HAVING NO EXPLICIT REFERENCE ON THE AGENDA. IF PATAN IS UNABLE TO DELIVER ON HIS HEAVILY HINTED "BREAKTHROUGH," WE CAN ARRANGE TO INJECT THE ISSUE INTO ONE OF USG'S PRESENTATIONS UNDER A SUITABLE EXISTENT AGENDA ITEM. FURTHERMORE, WE BELIEVE THAT, HAVING TRIED SEVERAL TIMES TO INJECT THE ISSUE ON THE AGENDA WITHOUG SUCCESS, IT IS UNLIKELY THAT WE WOULD SUCCEED SHOULD WE TRY AGAIN AT THIS POINT. BARNES

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